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SUBJECT: GRODNO/VOLKOVISK TRIP HIGHLIGHTS

REF: 05 MINSK 1383

¶11. (SBU) Summary: On May 16-17, Ambassador toured the Grodno oblast in the western part of Belarus, stopping first in Grodno and then in Volkovisk. Recently released political prisoner Levonevskiy described his deplorable prison conditions. Free trade unionists noted increasing GOB pressure on independent trade unions. Independent Union of Belarusian Poles (UBP) activists described their ongoing struggles with the state-supported UBP. Local Grodno and Volkovisk authorities on the other hand detailed the positive effects large government investments have had on their localities. Ambassador toured newly renovated factories in both cities and Grodno's Free Economic Zone and spoke to a gathering of university students in Grodno. End Summary.

Released Activists Discuss Prison Conditions, Trade Unions

¶12. (SBU) On May 16, Ambassador met with former political prisoner Valery Levonevsky, who had just finished his two-year prison sentence (for defaming the president) the day before. Levonevsky described the deplorable conditions in which he and other prisoners are forced to live, including the lack of nutritional meals and medical and legal assistance. He plans to promote prisoners' rights and inform the international community of the poor conditions and treatment of Belarusian prisoners. Levonevsky, who looked healthy although he claimed of a heart ailment, intends to resume his trade union activities but said needs to first focus on his family and restoring his health.

¶13. (SBU) Levonevsky opined the opposition did the best it could during the elections given the circumstances it faced but conceded Lukashenko's victory was to be expected. He stressed democratic forces need international support. Levonevsky believes the situation in Belarus can only be changed from the outside, primarily through Western pressure on Russia. Ambassador responded that change would probably happen when enough Belarusians were ready to make it happen and not as a result solely of foreign pressure.

¶14. (SBU) Independent trade union leader and current city council member (one of the few independents to have been elected to a local council) Sergey Antusevich noted the increasing pressure his union faces from the authorities. He claimed the GOB is determined to close his chapter of the Free Trade Union at the Grodno's largest state enterprise -

the huge petrochemical fertilizer plant AZOT. Authorities and AZOT administrators recently took away the Union's office, leaving the Union without a legal address and, hence, imperiling its registration status. The Union has already lost 300 members due to the authorities' pressure on them to quit the union or be fired. However, Antusevich maintained his union would persevere, even if it is forced to work underground.

UBP and Journalist Describe Increased GOB Pressure

15. (SBU) Former Union of Belarusian Poles (UBP) leader Tadeusz Gavin told Ambassador that support in the Polish community for the state-backed UBP is very low. According to Gavin, government-sponsored founding conferences in the regions attracted single-digit numbers of activists, as compared to hundreds who participated under the popularly elected UBP leaders. He said activists who stayed with the state-backed UBP have been compromised and forced to sign declarations in support of Lukashenko. UBP spokesperson Andrzej Pisalnik asserted the GOB considers the independent UBP to be a dangerous entity, since members are linked to Western democratic traditions and principles.

16. (SBU) Independent reporter Natalia Makushina informed that government pressure forced her to suspend the printed edition of her independent newspaper, "Birzha Informatsiy" and create an online version. Makushina called for international support of Belarusian independent electronic media as one way to keep independent news and information flowing to Belarusians.

City Leaders Boast of Grodno's Civil and Economic Progress

17. (SBU) Chairman of the Grodno executive committee, Aleksandr Antonenko, his deputy Aleksandr Sivtsov, Grodno State University Rector Evgeny Rovba, and GrodnoInvest Director Sergey Tkachenko joined Ambassador for lunch where they discussed a wide range of political, economic and social issues. Mayor Antonenko claimed the recent presidential elections in Grodno passed peacefully reflecting the stable economic and political environment in the city. He asserted that Grodno native son and former deputy mayor and now opposition presidential candidate Milinkevich had visited Grodno several times during the campaign without incident but did not manage to obtain much local support. Others at the table pointed to the area's rapid economic growth especially in the furniture and textile industries. The social front was "stable" as well.

Grodno Cemetery Issue Resolved

18. (SBU) Ambassador inquired about construction at the Grodno Stadium built on a Jewish cemetery. The Mayor maintained construction ended long ago and the situation with unearthed remains that he admitted had been handled poorly in the past, had now been "worked out amicably" with the local Jewish community. This was confirmed later in a chance encounter with local Jewish leader Korzh and when Ambassador drove by the stadium area. Korzh claimed the city authorities had already set a date to inaugurate the stone monument near the stadium memorializing the cemetery in fulfillment of their promise to ensure residents knew the history of the site.

Investment on the Rise in Grodno

19. (SBU) Ambassador visited an American-owned meat packaging material factory and a Polish-Belarusian joint venture as part of his tour of the Grodno Free Economic Zone (FEZ) GrodnoInvest. GrodnoInvest Director Sergey Tkachenko described the increased business activity and construction in the region, which he credited mainly to the success of Grodno's FEZ. According to Tkachenko, Grodno's FEZ is the

youngest of all the FEZ's in Belarus, but already has 33 resident business and significant foreign capital investment.

¶10. (SBU) Mayor Antonenko told Ambassador that the level of competition to attract foreign investors is very high among the FEZs in Belarus. While the investment conditions among the FEZs are standardized, infrastructures and locations differ. Antonenko considered the competition and diversity to be good for investors because it gives them more options. Antonenko considered the Grodno FEZ's advantage to be its close proximity to "Europe," i.e. Poland. According to Antonenko, Poland is the Grodno FEZ's biggest investor while Russia investments predominate in the more eastern FEZs.

¶11. (SBU) When Ambassador raised foreign investors' hesitations to invest in Belarus due to unease about corruption and the frequent nationalization of private companies, Antonenko dismissed Ambassador's concerns, saying "we play by the rules in the Grodno FEZ" and corruption is "not a problem here." Antonenko told Ambassador that foreign investors should not hesitate to invest in the FEZs despite Golden Share Rule concerns. (Note: The Golden Share Rule allows the government under certain circumstance to nationalize a privately owned company if the government owns as few as one share of stock in the company (reftel).) Antonenko admitted, however, that the FEZ directors would have to support the GOB in a dispute between the authorities and a foreign company, but that the company could use the judicial system to resolve the problem.

Quiet Q and A with Students

¶12. (SBU) Ambassador visited Grodno State University and met with faculty and students. After speaking to students about U.S. policies, few in the audience took up the offer to ask questions under the watchful eyes of the many university officials who were present in the room. The questions focused primarily on student exchange programs indicating great interest in travel, work and study in the U.S. The students perked up only when Ambassador starting speaking in the unfortunately rarely heard Belarusian language. In an additional effort of public outreach, Ambassador donated books and library materials to the Grodno American Corner and gave an interview to the local state television station, which good-naturedly asked the usual "loaded" questions.

Authorities Present a Peaceful and Prosperous Volkovisk

¶13. (SBU) Ambassador stopped in the Grodno regional city of Volkovisk, the site of the 2003 fall "Dazhinki" harvest festival. Ambassador met with the ebullient Regional Executive Committee Representative Mikhail Saveliev and his many minions. An animated Saveliev outlined Volkovisk's progress and developments and claimed it is the fastest growing city in the region after Grodno itself. Saveliev said the regional executive committee poured billions of rubles into economic, education, cultural, and civic programs, including funds to modernize factories, especially in the meat and milk industries, and to purchase agricultural equipment.

¶14. (SBU) In addition to being a prosperous city, Saveliev stressed the well-balanced interaction of all groups in Volkovisk. He claimed relations among religious groups and with the government were amicable and noted that the government funded the construction and renovation of Protestant, Orthodox and Catholic buildings in 2005. He added that registered political parties coexist peacefully and the presidential elections were conducted smoothly.

¶15. (SBU) In good Soviet tradition Saveliev took us on a full tour of the city and its environs to demonstrate the positive effects of government investment in Volkovisk, including tours of museums, a newly built House of Culture, rural hospital and central hospitals, the Bellakt milk factory, the

newly installed municipal fountain, and a recently renovated rural school. A state-media cameraman studiously filmed it all. The long day in Volkovisk ended with obligatory toasts to peace and friendship "and to the wisdom of our presidents."

Comment

¶16. (SBU) Saveliev reflects the type of executive Lukashenko has tried to breed in Belarus - a firm believer in top down vertical management and the preeminent role of the state in all things. Saveliev tried to present Volkovisk as the "model medium size Belarusian city," benefiting from the economic success and social progress of government control and hand-outs although he was quick to say that most of the funds come from the profits of the state firms and farms that answer to him. While it was clear that money had been invested in the city, it is not evident where that money came from. But all that glitters is not gold in Volkovisk; while we were getting our grand tour, Ambassador's driver learned from his Volkovisk counterpart that the city has its full share of economic and social problems. Ambassador had raised various problems with Saveliev as he did with Grodno's mayor but got much the same response - "that's no problem" -- an answer no doubt they give to state inspectors from Minsk.

Both cities

present an image of highly state-controlled growth but none of the free market commercial boom one sees in neighboring Poland and Lithuania. But the potential in Belarus is clearly there. Oh yes, state media cameramen and journalists, accompanied at a distance by the head of city's ideology department, hounded us in Grodno when we visited civil society representatives. In Volkovisk, a state media cameraman assiduously filmed our every step.

Krol